High Deductible Plans
A Product Assessment from the Consumer Perspective

High Deductible Plan Task Force
August 6, 2019

Victor G. Villagra, MD
Associate Director
UCONN Health Disparities Institute
UCONN Health Disparities Institute
Health Insurance Advance Initiative

A five-year project aimed at enhancing the value of health insurance for all CT citizens but especially for people at the highest risk of experiencing healthcare inequities.
UCONN Health Disparities Institute
Health Insurance Advance Initiative

A five-year project aimed at enhancing the value of health insurance for all CT citizens but especially for people at the highest risk of experiencing healthcare inequities.
1. Health Insurance Literacy: Consumer Understanding of Basic Features of HDPs

Survey: Statewide, % correct answers to 13 basic concepts

### 1. Health Insurance Literacy in Connecticut by Race/Ethnicity and Language Preference

<table>
<thead>
<tr>
<th>HIL question</th>
<th>All</th>
<th>White</th>
<th>Black</th>
<th>Hispanic</th>
<th>English</th>
<th>Spanish</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium definition</td>
<td>75%</td>
<td>88%</td>
<td>66%</td>
<td>61%</td>
<td>80%</td>
<td>56%</td>
</tr>
<tr>
<td>Premium Payment</td>
<td>94%</td>
<td>98%</td>
<td>94%</td>
<td>88%</td>
<td>96%</td>
<td>84%</td>
</tr>
<tr>
<td>Annual Deductible</td>
<td>64%</td>
<td>85%</td>
<td>44%</td>
<td>42%</td>
<td>72%</td>
<td>29%</td>
</tr>
<tr>
<td>Hospital Bill Amount</td>
<td>31%</td>
<td>44%</td>
<td>25%</td>
<td>15%</td>
<td>37%</td>
<td>7%</td>
</tr>
<tr>
<td>Annual Out of Pocket Limit</td>
<td>55%</td>
<td>70%</td>
<td>42%</td>
<td>39%</td>
<td>60%</td>
<td>31%</td>
</tr>
<tr>
<td>Copay</td>
<td>78%</td>
<td>89%</td>
<td>71%</td>
<td>63%</td>
<td>83%</td>
<td>54%</td>
</tr>
<tr>
<td>Health Insurance Formulary</td>
<td>36%</td>
<td>44%</td>
<td>27%</td>
<td>29%</td>
<td>37%</td>
<td>30%</td>
</tr>
<tr>
<td>Provider Network</td>
<td>73%</td>
<td>89%</td>
<td>60%</td>
<td>57%</td>
<td>79%</td>
<td>49%</td>
</tr>
<tr>
<td>Inpatient Care</td>
<td>45%</td>
<td>47%</td>
<td>34%</td>
<td>51%</td>
<td>44%</td>
<td>50%</td>
</tr>
<tr>
<td>Appeal Definition</td>
<td>68%</td>
<td>80%</td>
<td>63%</td>
<td>51%</td>
<td>74%</td>
<td>44%</td>
</tr>
<tr>
<td>Appeal True or False</td>
<td>83%</td>
<td>91%</td>
<td>75%</td>
<td>76%</td>
<td>85%</td>
<td>77%</td>
</tr>
<tr>
<td>Information Source</td>
<td>58%</td>
<td>72%</td>
<td>48%</td>
<td>41%</td>
<td>64%</td>
<td>32%</td>
</tr>
<tr>
<td>Less Choice HMO vs PPO</td>
<td>51%</td>
<td>61%</td>
<td>44%</td>
<td>40%</td>
<td>53%</td>
<td>41%</td>
</tr>
<tr>
<td>Percent correct of all 13 HIL</td>
<td>62.4%</td>
<td>73.8%</td>
<td>53.3%</td>
<td>50.3%</td>
<td>66.5%</td>
<td>44.9%</td>
</tr>
</tbody>
</table>
Health Insurance Literacy: Disparities by Race, Ethnicity, and Language Preference


Figure 1: Health Disparities Institute, 2016
HDI-AHCT Insurance Literacy Survey (2018)

Which of these best defines “coinsurance”?

Answered: 3,329  Skipped: 29

- The fixed fee you pay for... 4%
- A separate type of... 50%
- The percentage of costs of... 32%
- Don’t know/Not sure 13%

¿Cuál de estas opciones define mejor "coseguro"?

Respondidas: 58  Omitidas: 1

- Los honorarios fijos que paga... 24%
- Un tipo independiente... 29%
- El porcentaje que usted paga... 17%
- No sé/No estoy seguro 29%

QUIZ STATISTICS

Percent Correct 32%
Average Score 0.3/1.0 (32%)
Standard Deviation 0.47
Difficulty 1/12

ANSWER CHOICES

<table>
<thead>
<tr>
<th>SCORE</th>
<th>RESPONSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>The fixed fee you pay for a doctor visit or other health care service.</td>
<td>0/1 4.06% 135</td>
</tr>
<tr>
<td>A separate type of insurance to cover additional services.</td>
<td>0/1 50.20% 1,671</td>
</tr>
<tr>
<td>The percentage of costs of a covered health care service you pay.</td>
<td>1/1 32.41% 1,079</td>
</tr>
<tr>
<td>Don’t know/Not sure</td>
<td>0/1 13.34% 444</td>
</tr>
</tbody>
</table>

TOTAL 3,329

ESTADÍSTICAS DEL TEST

Porcentaje de correctas 17%
Puntuación promedio 0,2/1,0 (17%)
Desviación estándar 0,38
Dificultad 3/12

OPCIONES DE RESPUESTA

<table>
<thead>
<tr>
<th>PUNTUACIÓN</th>
<th>RESPUESTAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Los honorarios fijos que paga por una visita al médico o a otro servicio de atención médica.</td>
<td>0/1 24,14% 14</td>
</tr>
<tr>
<td>Un tipo independiente de seguro para cubrir servicios adicionales.</td>
<td>0/1 29,31% 17</td>
</tr>
<tr>
<td>El porcentaje que usted paga de los costos de un servicio de atención médica cubierto.</td>
<td>1/1 17,24% 10</td>
</tr>
<tr>
<td>No sé/No estoy seguro</td>
<td>0/1 29,31% 17</td>
</tr>
</tbody>
</table>

TOTAL 58
HDI-AHCT Insurance Literacy Survey (2018)

**English Version:** 3 hardest concepts
- “Coinsurance”
- “Formulary”
- “Bronze vs Silver vs Gold”

**Spanish Version:** 3 hardest questions:
- “HSA”
- “Formulary”
- ”Coinsurance”
UCONN Health Disparities Institute
Health Insurance Advance Initiative

A five-year project aimed at enhancing the value of health insurance for all CT citizens but especially for people at the highest risk of experiencing healthcare inequities.
Choosing a “just right” health insurance: Literacy and search motivation matter

Source: George Loewenstein, Carnegie Mellon University
HDI Pilot Health Insurance Literacy Educational Program

<table>
<thead>
<tr>
<th>HIL question (13)</th>
<th>% Pre</th>
<th>% Post</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Premium Definition</td>
<td>40.2</td>
<td>54.6</td>
</tr>
<tr>
<td>2 Premium Payment</td>
<td>48.5</td>
<td>59.9</td>
</tr>
<tr>
<td>3 Annual Deductible</td>
<td>30.3</td>
<td>49.2</td>
</tr>
<tr>
<td>4 Hospital Bill Amount</td>
<td>17.4</td>
<td>23.5</td>
</tr>
<tr>
<td>5 Annual Out of Pocket Limit</td>
<td>37.1</td>
<td>56.1</td>
</tr>
<tr>
<td>6 Copay</td>
<td>47.0</td>
<td>66.7</td>
</tr>
</tbody>
</table>

| 7 Health Insurance Formulary | 15.9 | 20.5 |
| 8 Provider Network          | 43.2 | 62.1 |
| 9 Inpatient Care            | 27.3 | 30.3 |
| 10 Appeal Definition        | 53.8 | 61.4 |
| 11 Appeal True or False     | 62.9 | 72.0 |
| 12 Information Source       | 52.3 | 72.0 |
| 13 Less Choice              | 22.7 | 62.1 |

HIL Education = Palliative measure to mitigate the negative impacts of HDP complexity
Q5) In the last 12 months, how often did the written materials or Internet provide the information you needed about how your health plan works?

<table>
<thead>
<tr>
<th></th>
<th>Aetna Health</th>
<th>Anthem</th>
<th>ConnectiCare</th>
<th>Harvard</th>
<th>Oxford</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never</td>
<td>0.0%</td>
<td>1.5%</td>
<td>7.6%</td>
<td>0.0%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Sometimes</td>
<td>40.0%</td>
<td>40.0%</td>
<td>0.0%</td>
<td>22.2%</td>
<td>31.0%</td>
</tr>
<tr>
<td>Usually</td>
<td>60.0%</td>
<td>38.5%</td>
<td>46.2%</td>
<td>48.1%</td>
<td>45.0%</td>
</tr>
<tr>
<td>Always</td>
<td>0.0%</td>
<td>20.0%</td>
<td>46.2%</td>
<td>29.7%</td>
<td>20.0%</td>
</tr>
</tbody>
</table>

Q6) In the last 12 months, how often did your health plan’s customer service give you the information or help you needed?

<table>
<thead>
<tr>
<th></th>
<th>Aetna Health</th>
<th>Anthem</th>
<th>ConnectiCare</th>
<th>Harvard</th>
<th>Oxford</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never</td>
<td>0.0%</td>
<td>1.5%</td>
<td>8.3%</td>
<td>0.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Sometimes</td>
<td>0.0%</td>
<td>18.8%</td>
<td>8.3%</td>
<td>22.7%</td>
<td>9.0%</td>
</tr>
<tr>
<td>Usually</td>
<td>33.3%</td>
<td>36.2%</td>
<td>41.7%</td>
<td>40.9%</td>
<td>29.0%</td>
</tr>
<tr>
<td>Always</td>
<td>66.7%</td>
<td>43.5%</td>
<td>41.7%</td>
<td>36.4%</td>
<td>59.0%</td>
</tr>
</tbody>
</table>

Source: https://ct.gov/cid/cwp/view.asp?a=4903&Q=587026
Navigation Support: Regressive Federal Policy

Trump Administration Has Cut Navigator Funding by Over 80 Percent Since 2016

Funding for programs in 34 states using federal marketplace

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>$63 million</td>
<td>$36 million</td>
<td>$10 million</td>
<td></td>
</tr>
</tbody>
</table>

Source: Centers for Medicare & Medicaid Services (CMS)

CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.ORG
A five-year project aimed at enhancing the value of health insurance for all CT citizens but especially for people at the highest risk of experiencing healthcare inequities.
Elements of HDP Excessive Complexity

- Large number of plan choices: Information overload → disconnect.
- Confusing rules, exceptions, jargon: Claims denials → provider and patient hassle, administrative cost.
- Deductibles: Growing consumer financial burden → Medical debt
- Co-insurance: intractable because prices of service and product are unknown → Surprise medical bills.
- Inefficient presentation (menu) of plan choices → 24% excess spending over optimal choice.
- Coverage uncertainty → Forgone care including preventive services.
- Misleading plan naming (e.g.: Bronze, Silver, Gold): marketing ≠ information.
Readability of a HDP Materials

• A typical subscriber agreement (SA) is over 100 pages long.
• A typical Bronze PPO plan in CT had a Flesch-Kinkaid Reading Ease score of 30.7 corresponding to a 16.5 grade level (10-12 is roughly high school)
Non-Intuitive Plan Choice Menu

Which health plan option would you choose?

Assume the plans have identical coverage and provider network and covers all costs after the deductible has been met.

<table>
<thead>
<tr>
<th>Option</th>
<th>Annual Deductible</th>
<th>Monthly Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>$1,000</td>
<td>$72</td>
</tr>
<tr>
<td>B</td>
<td>$750</td>
<td>$110</td>
</tr>
<tr>
<td>C</td>
<td>$500</td>
<td>$118</td>
</tr>
<tr>
<td>D</td>
<td>$350</td>
<td>$163</td>
</tr>
</tbody>
</table>


Circle the correct answer:  A   B   C   D
**Better Plan Information**

Which health plan option would *you* choose?

Assume the plans have identical coverage and provider network and covers all costs after the deductible has been met.

<table>
<thead>
<tr>
<th>Option</th>
<th>Annual Deductible</th>
<th>Monthly Premium</th>
<th>Annual Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>$1,000</td>
<td>$72</td>
<td>$864</td>
</tr>
<tr>
<td>B</td>
<td>$750</td>
<td>$110</td>
<td>$1,320</td>
</tr>
<tr>
<td>C</td>
<td>$500</td>
<td>$118</td>
<td>$1,416</td>
</tr>
<tr>
<td>D</td>
<td>$350</td>
<td>$163</td>
<td>$1,956</td>
</tr>
</tbody>
</table>

To save $250, pay $464

**Choose to Lose: Health Plan Choices from a Menu with Dominated Options.**


Circle the correct answer:  A  B  C  D

In a real world experiment more than 50% of employees chose a “wrong plan”
Misleading (unwittingly) Naming of Plan Choices

<table>
<thead>
<tr>
<th>Naming convention</th>
<th>Over-insured</th>
<th>Just right</th>
<th>Under-insured</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metal</td>
<td>43%</td>
<td>24%</td>
<td>33%</td>
</tr>
<tr>
<td>Medical need</td>
<td>19%</td>
<td>53%</td>
<td>28%</td>
</tr>
<tr>
<td>Neutral name</td>
<td>37%</td>
<td>40%</td>
<td>23%</td>
</tr>
<tr>
<td>Recommended</td>
<td>34%</td>
<td>47%</td>
<td>19%</td>
</tr>
</tbody>
</table>

Selection based on medical need yielded the highest proportion of just right choices. It is estimated that “guided” by metal naming consumers overspend an average of $888/year (Ref).
HDPs: Complexity + low literacy + poor product support

- Creates consumer confusion and promote poor buying choices.
- Companies respond with more disclosures that further confuse and obfuscate consumers
- Calls for more effective regulatory oversight
UCONN Health Disparities Institute
Health Insurance Advance Initiative

A five-year project aimed at enhancing the value of health insurance for all CT citizens but especially for people at the highest risk of experiencing healthcare inequities.
HDPs are associated with reduced utilization of services,\(^1\)

**Q: What types of services are affected by HDPs that can have a negative impact on health status?**

- Vaccinations.\(^2\)
- Prescription drugs.\(^3,^4,^5,^6\)
- Mental health visits.\(^7\)
- Preventive and primary care.\(^8,^9,^10,^11,^12\)
- Inpatient and outpatient care.\(^13,^14\)
- Decreased adherence to medications.\(^15,^16,^17\)
- Increased rates of uncontrolled hypertension and hypercholesterolemia.\(^18\)

**Source:** Evidence and references adapted from the original Kaiser Family Foundation report. References listed in the Appendix.
UCONN Health Disparities Institute
Health Insurance Advance Initiative

A five-year project aimed at enhancing the value of health insurance for all CT citizens but especially for people at the highest risk of experiencing healthcare inequities.
As deductibles rise, people with employer coverage meet their deductibles later into the year

Day of the year when average health spending among people with large employer coverage exceeds the average deductible in that year

Source: KFF analysis of data from IBM MarketScan Database and the KFF Employer Health Benefit Survey
Get the data • PNG
HDPs Deductible Relief Day

As deductibles rise, people with employer coverage meet their deductibles later into the year

Day of the year when average health spending among people with large employer coverage exceeds the average deductible in that year

- Medical debt
- Forgone or delayed care
- Disparities by race/ethnicity, education and income level

Source: KFF analysis of data from IBM MarketScan Database and the KFF Employer Health Benefit Survey

*Get the data* • PNG
Among adults 43% have problems with medical bills or medical debt.

Among the insured 23% percent still had medical debt, compared to 31% of uninsured people.

Among those with medical debt:
- 43%-67% have used up all their savings to pay their bills
- 43% had received a lower credit rating as a result of their debt
- 16% are contacted by collection agencies
- 18% delay education or career plans.

Personal bankruptcies: Depending on methodology between 2% (KFF) and 62% (Health Affairs 2009) are healthcare related.
Medical Debt: A Silent Crisis in Connecticut

- Unpaid debt carries a social stigma
- Medical debt is difficult to measure
- HDP and medical debt are causally linked
- HDI obtained data from the CT Judicial System
- Small Claims only (≤ $5,000)
- Unlike other debt (mortgages, credit card, car loans, etc.) medical debt is never voluntary
- A window into the magnitude of medical debt in CT
Connecticut Hospitals and Doctors Sue Their Patients

Medical related Small Claims Court Cases in CT: 2011-2015

### Total cases Small Claims (total: 85,136 cases)

**Source:** Court data SmallClaimsMedical2010to2016.xlsx

### Total Small Claims Disposed Amounts (total: $110,029,350)

**Source:** Court data SmallClaimsMedical2010to2016.xlsx
While these figures do not represent the number of unique defendants or the actual amount of debt recovered or attempted to recover, they do expose the magnitude of the medical debt problem and raise important questions that have received relatively little attention by the medical community, policy makers or the public at large.
What is the impact of debt and law suits on patients’ mental health, physical health and social stigma?

What is the impact of law suits on the patient-provider relationship?
- Trust
- Continuity of care
- Quality of care
- Physician agency ("I am on your side")

Providers faced with a medical malpractice law suit have expressed a range of emotions including anxiety, fear, frustration, remorse, self-doubt, shame, betrayal and anger.

The Provider Perspective: Ethical Dilemma

• Primary care is a low margin operation, even a “loss leader”* segment of the healthcare delivery system
• Since the advent of High Deductible Plans “accounts receivables” have been growing (duration and amount)

“I will remember that I do not treat a fever chart, a cancerous growth, but a sick human being, whose illness may affect the person's family and economic stability. My responsibility includes these related problems, if I am to care adequately for the sick.” Excerpt of physicians’ Hyppocratic Oath

• Providers face dual responsibility to care for their patients and to protect the financial integrity of their practices: Ethical dilemma
• Difference between small practices and corporate ownership of medical practices.

A loss leader is a product or service that is offered at a price that is not profitable, but it is sold to attract new customers or to sell additional products and services to those customers.
Hospitals Suing Patients in Other States

St. Joseph Missouri:
• Heartland Hospital sued this uninsured patient, a truck driver making $30,000/yr.
  - Seized 10% of his paychecks and 25% of his wife’s wages
  - Charged 9% interest
  - Placed lien on the patient’s home

Virginia Hospitals: 2017
• 36% of hospitals sued 20,054 patients.
• And garnished wages from 9,232 patients in 2017.
• Five hospitals accounted for over half of all lawsuits
• All but one of those were nonprofits.
• Mary Washington sued the most patients, according to the researchers.
• 300 summons for 1 day, most are “no-shows”
VCU Health says it will no longer sue patients with overdue bills

Physician group has filed 56,000 lawsuits for $81M over 7 years

BY JAY HANCOCK
AND ELIZABETH LUCAS
Kaiser Health News

VCU Health said it will no longer file lawsuits against its patients, ending a practice that has affected tens of thousands of people over the years. VCU’s in-house physician group filed more than 56,000 lawsuits against patients for $81 million over the seven years ending in 2018, according to a Kaiser Health News analysis of district court data. Those suits will end and VCU will increase financial assistance for lower-income families treated at the $2.16 billion system, according to Melinda Hancock, VCU Health’s chief administrative and financial officer.

Kaiser Health News recently reported that UVA Health, the University of Virginia medical system, had filed more than 36,000 suits over six years against patients who could not pay their bills. That revelation, published last month in The Washington Post, led UVA to pledge to “positively, drastically” reduce patient lawsuits.

VCU’s new stance on lawsuits goes beyond UVA’s, which promised to stop suing only patients whose income is below 400% of poverty guidelines. UVA officials did not respond to requests for comment from Kaiser Health News.

VCU’s flagship hospital, VCU Medical Center, hasn’t filed patient suits in at least seven years. Hancock said in an interview this week. But its in-house physician group continued to sue patients and families for overdue bills.

That approach stopped years ago.
Chart shows that on May 3rd, 2017, Danbury Hospital had 607 total active dockets in small claims courts throughout Connecticut. This was a significantly higher number of dockets compared to the other 28 short-term acute care hospitals in CT.
Danbury Hospital Small Claims Lawsuits Against Patients for Medical Debt vs. All Other Hospitals in Connecticut

Total number of cases 2015-2016

- 2015: 7138
- 2016: 7378
- 39% -> 47%

Total dollars awarded 2015-2016

- 2015: $5,900,449
- 2016: $8,839,572
- 38% -> 46%


10/03/19
Racial/Ethnic disparities in medical debt

1Significant linear decrease from 2011 through June 2017 (p < 0.05).
NOTE: Data are based on household interviews of a sample of the civilian noninstitutionalized population.
Policy considerations to mitigate HDPs-related healthcare inequities

• **Public Education**: Private-public partnership for statewide health insurance literacy campaign.

• **Workforce Development**: State and private funding for health insurance navigators training and deployment in underserved communities.


• **Legislative**: Elimination of co-insurance and gradual phase-out of deductible features from all non-ERISA plans.

• **Simpler plan alternatives**: New entrants (e.g.: public option)
Policy considerations to mitigate HDPs-related healthcare inequities

POLICY BRIEF | October 2015

Enhancing the Value of Health Insurance by Making it Simpler

Victor G. Villagra, MD | Health Disparities Institute, University of Connecticut Health Center
Policy considerations to mitigate HDPs-related healthcare inequities

**Administrative (for medical debt):**
- Transparent and standardized (understandable) hospital and provider billing statements
- Judicial system administrative reforms to protect consumers against unfair medical debt collection practices and litigation

**Legal framework** to control healthcare pricing practices
Health Insurance Advance Project

A five-year initiative (2016-2020) aimed at enhancing the value of health insurance for all CT citizens but especially for people at the highest risk of experiencing healthcare inequities.

From a consumer point of view our research posits that HDPs meet customary criteria for a defective product.

Rationale: when used as designed and marketed HDPs
• Are often unreliable
• Widen healthcare disparities \(^{19,20,21}\)
• Can lead to health and financial harms
• Affect a substantial portion of Connecticut citizens, specially racial/ethnic minorities.
Thank you
References
(for slide 37)


References (Cont.)  
(for slide 37)


15. Deliana Kostova and Jared Fox, “Chronic Health Outcomes and Prescription Drug Copayments in Medicaid,” Medical Care, published ahead of print (February 2017).


High Deductible Plans Widen Disparities

